Sprint

October 3, 2011

Via Electronic Submission

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th St., SW, Room TW-A325
Washington, DC 20554

Re: Ex Parte Communication
WC Docket Nos. 10-90, 07-135, 05-337, 03-109; CC Docket Nos. 01-92, 96-45; and GN Docket No. 09-51

Dear Ms. Dortch:

Today, Sprint is filing a letter in the above-referenced dockets which includes an estimate of the out-of-pocket expense savings Sprint would realize if it were assessed a rate of $.0007 for the transport and termination of wireless traffic that is currently subjected to access or reciprocal compensation rates. A redacted version of this letter is attached.

Sprint is providing the unredacted version of this letter under seal, and we request that this unredacted version be treated as confidential and not be made available for public inspection pursuant to 47 C.F.R. §§ 0.457(d) and 0.459, since this submission contains information that qualifies as "commercial or financial information" that "would customarily be guarded from competitors," regardless of whether or not such materials are protected from disclosure by a privilege. See 47 C.F.R. § 0.457(d); *see also, Critical Mass Energy Project v. NRC*, 975 F.2d 871, 879 (D.C. Cir 1992) ("[W]e conclude that financial or commercial information provided to the Government on a voluntary basis is 'confidential' for the purpose of Exemption 4 if it is the kind that would customarily not be released to the public by the person from whom it was obtained.").

If you have any questions, please feel free to contact me at (703) 433-3776.

Sincerely,

/s/ Charles W. McKee

Charles W. McKee
Vice President, Federal and State Regulatory

Sprint

REDACTED VERSION

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WC Docket Nos. 10-90, 07-135, 05-337, 03-109; CC Docket Nos. 01-92, 96-45; and GN Docket No. 09-51

Dear Ms. Dortch:

Sprint has long advocated for comprehensive reform of the intercarrier compensation (ICC) system, and again strongly urges the Commission to adopt a system of bill-and-keep, or at the very least a low unified rate, for terminating traffic currently subject to access or reciprocal compensation charges.

There is no serious dispute that adopting bill-and-keep, or unifying transport and termination rates at a level very close to zero, is economically justified; consistent with the directives of the Telecom Act; fully responsive to the recommendations in the National Broadband Plan; and would substantially reduce many existing inefficiencies, billing disputes, and outright scams. ICC reform offers potentially significant expense savings to all carriers, including interexchange carriers and wireless service providers; for example, Sprint estimates that assessment of a $.0007 rate for the transport and termination of wireless traffic that is currently subjected to access or reciprocal compensation rates would decrease its out-of-pocket expense by approximately $[**REDACTED**] million per month.[1] If actually realized, Sprint will be able to invest such expense savings in enhancing its network and expanding its provision of wireless broadband services, while continuing to provide consumers with industry-leading pricing. If actually realized, these expense savings would also do much to address the competitive inequity of the current broken regulatory regime, which permits ILECs to impose access charges when terminating traffic from wireless carriers, but prohibits wireless carriers from imposing access charges when terminating traffic from ILECs.

[1] This estimate is based on current volumes and assumes the $0.0007 rate covers tandem switching, transport, and end office functions. This estimate does *not* reflect any increase in USF/CAF contributions that Sprint may incur coincident with ICC reform.

While such expense reductions would be welcome and are long over-due, they would be delayed for several years and could easily be reduced or eliminated if the ABC plan is adopted. It must be noted that the ABC plan would apply a terminating rate of $.0007 only to end office local switching (and tandem switching if the ILEC owns both facilities), but ignores transit and most transport rate elements.[2] Indeed, the ABC plan would allow these rate elements to be unregulated. In such a framework, there would be no limitation on the ILEC's ability to increase charges for these other rate elements, while "reducing" rates for termination. Perhaps even more troublesome, by locking carriers into legacy ILEC network architectures and interconnection at ILEC end offices, the ABC plan will strongly discourage or even preclude the more efficient regional interconnection arrangements typically used for non-voice IP traffic. As explained by Sprint and others, requiring ILECs to establish IP interconnections for the exchange of voice traffic would promote significant efficiencies and minimize costs for all carriers.

Finally, Sprint reiterates that a unified terminating rate of $.0007 is still far above economic costs, particularly as service providers continue to move to more efficient IP technologies. A permanent or long-term terminating rate of $.0007 thus is likely to generate supra-competitive returns for the ILECs.

Pursuant to Section 1.1206 of the Commission's Rules, a copy of this letter is being filed electronically in the above-referenced dockets. If you have any questions, please feel free to contact me at (703) 433-3776.

Sincerely,

/s/ Charles W. McKee

Charles W. McKee
Vice President, Federal and State Regulatory

C: Zachary Katz

[2] The ABC proposal makes no mention of entrance facility charges, switched common and dedicated interoffice transport charges, multiplexing charges, or port charges.